93-35

NO.

Supreme Court, U.S.
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IN THE
SUPREME COURT OF THE UNITED STATES

_____ TERM, 1993

BENNIE D. HERRING,

Petitioner

versus

M/A COM, INC.; M/A GOVERNMENT SYSTEMS, INC.,; HOME BOX OFFICE, INC. and SHOWTIME/THE MOVIE CHANNEL, INC.

Respondents

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

BENNIE D. HERRING
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205-762-2420

STATEMENT OF QUESTION PRESENTED FOR REVIEW

I. DOES THE DISTRICT COURT'S ACTIONS AND THE AFFIRMATION OF THOSE ACTIONS BY THE APPELLATE COURT RUN SO CONTRARY TO THIS COURT'S OPINION IN ANDERSON VS. LIBERY LOBBY AS TO REQUIRE THE EXERCISE OF THIS COURT'S POWER OF SUPERVISION.

II. DOES THE DISTRICT COURT'S AWARD OF DAMAGES UNDER SECTION 605 CONSTITUTE A CASE OF FIRST IMPRESSION.

III. DID THE APPELLATE COURT'S FAILURE TO ADDRESS THE SUFFICIENCY OF FACTS PROVIDED BY THE NON-MOVING PARTY RUN CONTRARY TO THIS COURT'S DECISION IN CELOTEX VS. CATRETT.

IV. DID THE DISTRICT COURT'S REFUSAL TO ALLOW THE NON-MOVING PARTY A DEFENSE UNDER THE TYING ARRANGEMENT RUN CONTRARY TO THIS COURT'S DECISION IN U.S. VS. LOEWS, ET. AL. 83 S.CT.97.

LIST OF INTERESTED PARTIES

TRIAL JUDGE: HON. TRUMAN HOBBS

PETITIONERS: Bennie D. Herring; Tri-State Satellite Distributors, Inc., a corp.; Billy C. Herring and Ron Mills.

APPELLES: Cable/Home Communication Corporation a wholly owned subsidiary of General Instrument Corp.; M/A Com, Inc.; M/A Com Government Systems, Inc.; HBO and ShowTime.

COUNSEL FOR RESPONDANTS: James E. Williams of the firm of Melton, Espy and Williams, Montgomery, Alabama.

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IN THE SUPREME COURT OF THE UNITED STATES

BENNIE D. HERRING; TRI-STATE SATELLITE DISTRIBUTORS, INC., a corporation; BILLY C. HERRING and RONALD MILLS,

VS.

CABLE/HOME COMMUNICATION CORPORATION; M/A COM, INC.; M/A COM GOVERNMENT SYSTEMS,INC; HOME BOX OFFICE, INC. and SHOWTIME/THE MOVIE CHANNEL, INC.,

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OPINIONS AND ORDERS BELOW

APP-1. The District Court's order granting summary judgement;

APP-2. The judgment of $900,000;

APP-3. The order denying a new trial;

APP-4. The Appellate Court's opinion affirming the District Court's order.

APP-5. The order denying the petitioner's "Suggestion For Rehearing In Banc" is attached as A-5.

JURISDICTIONAL STATEMENT

This Court has jurisdiction under 28 U.S.C. 1254 (1). The order of the Eleventh Circuit Court of Appeals affirming the District Court's order granting summary judgement for the respondants was dated September 30, 1992. Thereafter, petitioners timely filed a "Suggestion of Rehearing In Banc" in the Court of Appeals. The petition for rehearing was denied. without opinion, by the Eleveneth Circuit on November 25, 1992.

CONSTITUTIONAL PROVISION INVOLVED

THE ACTION OF THE DISTRICT COURT AND SANCTION OF THAT ACTION BY THE APPELLATE COURT VIOLATED THE PETITIONERS' RIGHTS UNDER DUE PROCESS CLAUSE OF THE FIFTH AND FOURTEENTH AMENDMENT AND THE PETITIONER'S RIGHT TO A JURY TRIAL AS GUARANTEED UNDER THE 7TH AMENDMENT TO THE CONSTITUTION.

STATEMENT OF THE CASE

This case was commenced by the filing of an action which charged the petitioners Bennie D. Herring, et. al., with violations of Title 17 sec. 401 (copyright infringement) and Title 47 sec. 605 (communications violations). The petitioners were charged with modifying and selling modified satellite descramblers with the trade name Videocipher II. Modified descramblers enable a person with a backyard satellite dish to receive programming broadcast into the air by various programmers. The action was stayed for two years pending the outcome of a parrelling criminal action. After the trial of the criminal case, the plaintiffs/respondants moved the Court to grant summary judgment in the 401 and 605 case. The criminal case was prosecuted under Title 18 sec.2512(1)(2). Attached to the plaintiffs/respondants' Motion for Summary Judgment was an affidavit

by an employee (Joe Markee) of the moving party. In response to the Motion for Summary Judgment the petitioners filed affidavits by Bennie D. Herring and Henry Cobb (an electronics expert from the University of Auburn). Based on the affidavits and without any oral testimony the District Court granted summary judgment for the moving party.(R1-40-1) On June 27, 1990, the Court entered an order striking the defendants/petitioners' request for jury trial and set a hearing on the issue of damages for August 13, 1990.(R2-56-1,2) After that hearing the District Court awarded the moving party $900,000 in damages.($500,000 for violations of 605 and $400,000 for violations of the copyright act) The petitioner filed a Motion for New Trial alleging the Court had been misled. That motion was denied. The appellant appealed this action to the Eleventh Circuit Court of Appeals where it was denied without

comment. The petitioner then filed a Motion for Rehearing En Banc which was also denied without comment. The petitioner then appealed to this Court.

ARGUMENT

I. THE APPELATE COURT'S SANCTIONING OF THE DISTRICT COURT'S ACTION RUNS CONTRARY TO FINDINGS OF THIS COURT AND REQUIRES THE EXERCISE OF THIS COURT'S SUPERVISORY POWER.

In Jack Anderson vs. Liberty Lobby and Willis A. Carto 106 S.Ct. 2505 (1986), Judge Rehnquist provided a hypothetical case where a party supported his claim with an effectively impeached former perjurer who was extremely nervous on the stand, couldn't look at the questioner while answering critical questions, and was rebutted by three believable witnesses for the opposing party. Judge Rehnquist wrote:

> "May the trial court at this stage grant a directed verdict? Again, surely not;

we are still dealing with "credibility determinations".

In the instant case, the moving party filed, along with a Motion for Summary Judgement, an affidavit by Mr. Joe Markee(an employee of the moving party) and a copy of a deposition taken of Mr. Markee. The non-moving party filed opposing affidavits by Bennie Herring(the defendant and an experienced technician) and an electronics engineer from the University of Auburn, Henry Cobb. Filed along with Cobb's affidavit was a history of his experience and education which included many projects similar to the one that is the basis of this action. Henry Cobb took the available evidence and did an evaluation of it in light of this suit and in light of Title 17 sec. 401 and Title 47 sec. 605. His affidavit was done after that evaluation. Affidavits by the two employees of the moving party, Bennie D. Herring, and Henry Cobb was the only evidence placed

before the Court relative to the Motion for Summary Judgement. To determine if there was in existence an issue of a material fact, the District Court would have to look to the affidavits and determine if there was controverted evidence and do so without weighing evidence or assessing credibility. Anderson v. Liberty Lobby.

During Joe Markee's deposition, (attached to the Motion for Summary Judgement) he was asked if the tested eproms contained copyrighted materials. Mr. Markee's answer was (page 12) "highly probable,(page 13) in all probablity, (page 21) it appeared to be altered versions of CMS". He nor anyone else ever testified before the court that the eproms did contain infringing material. The non-moving party, in their opposing affidavits testified there was no infringement.(page 5 Cobb aff.) Cobb testified the copyright was improperly noticed (page 3); that a machine readable

copy must have notice with or near the title or at the end of the work and the moving party complied with neither requirement;(page 6) that the title appears nowhere in the program;(page 8) that the title does not appear at the end of the work(page 9); that the failure to comply caused the work to be dedicated to the public (page 9); that the plaintiffs have presented no evidence that the software was not the result of independent development(page 9); that a substantial similarity does not necessarily imply copyright infringement (page 9); that the limited modes of expression would cause the software to be similar and would not be an infringement (page 10); that the eproms tested by General Instrument had a correlation of 2% and that a correlation of 2% would not be a copyright infringement (page 14) and that a defendant would not be barred from independent research that made a

computer operate in a similar manner Apple Computer, Inc. vs. Formula Intern, Inc., 725 F2d 521. Cobb's affidavit specificly made issue of the statements contained within the moving party's affidavits and in addition went beyond those affidavits with a thorough evaluation of the existing evidence. Herring and Cobb testified even though Herring may have modified a satellite descrambler, he was not in violation of the copyright statute or The Communications Act. Herring and Cobb's affidavit went on to compare Herring's actions with title 47 section 605. Title 47 section 605 (b) specificly sets out the law governing the backyard dish reception of satellite broadcasted programming. Section 605 (b) is the result of a 1984 amendment to title 47. It provides:

> The provisions of subsection (a) shall not apply to the interception or receipt by any individual, or the assisting

(including the manufacture or sale) of such interception or receipt, of any satellite cable programming for private veiwing if-

(1) the programming involved is not encrypted; and

(2) (A) a marketing system is not established under which -

(i) and agent or agents have been lawfully designated for the purpose of authorizing private viewing by individuals, and

(ii) such authorization is available to the individual involved from the appropriate agent or agents; or

(B) A marketing system described in subparagraph (A) is established and the individuals receiving such programming has obtained

authorization for private viewing under that system.

The most paralleling case involving the 1984 amendment was Air Capital Cable Vision, Inc. vs Starlink Communications Group, Inc., 601 F. Supp. 1568(D.Kan. 1985). This is only a District Court case making the instant case one of first impression. In that case the District Court ruled:

> "The legislative history of the Cable Act makes it clear that in the absence of encrypted programming or an established marketing system, the manufacture, sale or distribution of earth station satellite dishes does not violate the act."

Both Herring and Cobb testified that there was no 605 violation and Herring testified there was no marketing system.

In Henry Cobb's affidavit, Mr. Cobb challenged the factual issues that would have to be proven by the moving party. The

non-moving party brought to the attention of the court a failure of the moving party to furnish evidence of receipt of programming that was encrypted and available to the backyard dish owner as required by the 1984 amendment. The moving party even admitted they failed to test the boards ("even though he had tested similar one's") that are the basis for the $500,000.00 judgement.(page 21 Markee depo.)

The District Court's order of June 28, 1990, reflected many instances of the Court ruling on matters that were functions of the jury. On page one (1) and two (2) of that order the Court stated "employees Billy Clyde Herring and Ron Mills did not contest that they were actively engaged in modifying Videocypher II's." Billy Herring in an affidavit before the Court specificly denied that he ever modified or sold a VCII. In a footnote on page two (2) the Court stated the defendants were convicted for violations

of the Federal Communications Law. The defendants were not convicted for violations of the Communications Law. The defendants were convicted under the wiretap statue.(Title 18 sec.2512(1)(b)) The defendants could not be convicted under the Communications Act (605(A)(b)) because of the 1984 amendment. The wording of the amendment forced the government to use the vague and ambiguous Title 18 Sec 2512 (1)(b). On page two(2) and three(3) of that order the Court stated: "of the three eproms found in Tri-State's offices and tested, one contained 76.3% copies of CMS and one contained 91.8% copies of CMS". CMS is the title of the allegedly copyrighted program. The title (CMS) appears nowhere in any version of any VCII eprom (See Luddy August 13, 1990 hearing page 30). The District Court had no basis for making that statement. Neither the affidavits of the moving party nor their testimony alleged the

term CMS was contained in the eproms. The non-moving party in its affidavits specificly informed the Court there was no title contained within the work. Henry Cobb testified to the Court that before copyright infringement can be determined there must be a correlation of more than 2%. (Correlation is information appearing in the same sequence and position.) On page four (4) of the District Court's June 28, 1990, order it stated: "plaintiffs can establish a prima facia case of copyright infringement by showing that (1) it owned a valid coypright in the work allegedly infringed, and (2) that the defendants copied that work". The only proof of copyright furnished to the Court was a copy of the registration. Henry Cobb testified that the registration of copyright does not prove a valid copyright and nowhere in any of the evidence before the Court did anyone accuse the defendants of copying the allegedly infringed program.

The Court went on to state: "absent any evidence from the defendants challenging the validity of the copyright, the first element of the prima facia case is established". Henry Cobb's affidavit specificly challenged the validity of the copyright. At page five (5) of the Court's June 28, 1990 order, the Court stated "the December 1987 search of Tri-State uncovered floppy disks containing CMS programs". At no time did the District Court see a floppy disk or any eproms taken from Tri-State Satellite's offices. The moving party took the evidence to San Deigo, California and tested it without a printed test result (R.4 pg. 58). Neither the Court nor the defendants ever saw the evidence of the tests. The Court's findings were supported by affidavits of an employee of the moving party only . "The mere fact that the witness is interested in the result of the suit is deemed sufficient to require the credibility of his testimony to be submitted

to the jury as a question of fact." Sonnentheil vs. Christian Moerlein Brewing Co. 19 S.Ct.233. "Affidavits as to market price were given by interested or biased witnesses, their testimony if given at trial, would have been for the jury to evaluate and for it to decide whether any, and if any, what weight is to be given to their testimony." Sarter vs. Arkansas Natural Gas Corp., 64 S.Ct. 724. At page five(5), the Court stated: "although defendants charged that this is insufficient to show substantial similarity, they have failed to produce any evidence of independent creation of these programs". Henry Cobb testified that the correlation of the allegedly infringing material was only 2% to that of the original material. In fact, the petitioners threw away the original chip that contained a 100% correlation and replaced it with one that contained 2%. At page six(6) of the Court's

order, it found that "notices embedded in the program's object code gives reasonable notice of claim of copyright". The moving party furnished approximately 50 pages of evidence on one side of this issue and the non-moving party furnished approximately 200 pages of argument and physical evidence on the other side of this issue. The moving party furnished testimony from two(2) employees and the non-moving party used an electronics expert from the University of Auburn. Reasonable notice, in this case, was a question for the jury. Copyright and communication cases are extremely complicated ones. "By its nature summary judgment is apt to be ill-adapted to cases of a complex nature"; Ammons v. Franklin Life Insurance Co. 348 F.2d.314. The non-moving party set out the moving parties failure to comply with copyright laws, using the Office of Copyright's guidelines. The Judge determined credibility and weighed the

evidence contrary to this Court's decision in Anderson vs. Liberty Lobby. The District Court in its own order at page eleven(11) ruled:

> "Any assertion, therefore, that he did not know that modifying the Videocypher II was a violation of the Communication Act lacks credibility."

Reading the District Court's order, there can be no doubt that the District Judge assessed credibility contrary to this Court's findings. "Credibility determinations, the weighing of evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a Judge". Anderson vs. Liberty Lobby.

II. THE ELEVENTH CIRCUIT'S FAILURE TO ADDRESS THE SUFFICIENCY OF THE NON-MOVING PARTIES' EVIDENCE RUNS CONTRARY TO THIS COURT'S FINDINGS IN CELOTEX VS. CATRETT.

In Celotex vs. Catrett 19 S.Ct.233 this

Court found:

> "Respondant, on the other hand, does not contend that she was not obligated to reveal her witnesses and evidence but insists that she had revealed enough to defeat a motion for summary judgement. Because the Court of Appeals found it unnecessary to address this aspect of the case, I agree that the case should be remanded for further proceedings."

In the instant case, the Eleventh Circuit Court of Appeals affirmed the District Court's ruling granting the moving party's Motion for Summary Judgement although the defendant/petitioner furnished affidavits and testimony from experts to rebutt the moving party's affidavits and claims. A panel of the appellate court affirmed that decision without addressing the sufficiency of the evidence.(App.-4)

III. THE DISTRICT COURT'S REFUSAL TO ALLOW THE PETITIONER TO SUPPLEMENT THE RECORD ON APPEAL AND THE APPELLATE COURT'S SANCTIONING OF THAT REFUSAL VIOLATES THE DUE PROCESS CLAUSE OF THE CONSTITUTION.

The District Court's Memorandum Opinion and Order (R. 2-70) stated:

> "After considering the evidence presented at the hearing, the brief filed by plaintiffs and memorandum brief and affidavits sumitted by the defendants, the Court finds that plaintiffs Cable/Home Communications Corp., General Instrument Corp., M/A Com, Inc. and M/A Com Government Systems are entitled to four hundred thousand dollars in damages for defendants' willful copyright violations and that plaintiffs HBO, Inc. and ShowTime/The Movie Channel, Inc. are entitled to five hundred thousand dollars for defendants' willful, for-profit violations of the

Communications Act".

The Court never considered the Memorandum filed by the defendants because the clerk, on orders from the District Court, refused to file it. The memorandum was back and forth in the mail from the time of the first attempted filing on August 17, 1990 until August 27, 1990, when the Memorandum Opinion and Order was issued. The petitioner attempted to raise this issue in the appellate Court by filing a Motion to Supplement Record on Appeal in the District Court. The motion was denied. However, neither the motion nor the denial is a part of the record. Neither is it reflected on the civil docket sheet. The instruction from the Court to the clerk is also not a part of the record.

IV. THE SANCTIONING OF THE DISTRICT COURT'S REFUSAL TO ALLOW AN ANTI-TRUST DEFENSE IN A COPYRIGHT CASE RUNS CONTRARY TO THIS COURT'S FINDINGS IN WHITE MOTOR CO. V. U.S. 83 S.Ct.97.

"The use of summary judgment is disfavored in anti-trust litigation", Carlson Machine Tools, Inc. v. American Too, Inc. 678 F.2d. 1253. Central to this whole case is the fact that before a backyard dish owner can but HBO he must also by a descrambler manufactured by M/A Com. In Terry Luddy's testiony he admitted to all the facts to support that arrangement. (R4-47,48,49) That type of arrangement is a tying arrangement in its purest form.

"Where the sale of an unpatented product is tyed to the sale of a patented article, that is a per se violation since it is a ball effort to enlarge the monopoly of the patent beyond its terms." White Motor v. U.S..

In petitioners' response in opposition to respondants' motion for summary judgment, the defendant, Bennie Herring, filed an affidavit and in the affidavit explained to the court that the moving party's were involved in a conspiracy to fix price, an illegal tying arrangement and generally a bad faith effort and conspiracy aimed at the general public. The defendant's affidavit is in support of an amendment containing his fifth, eighth, ninth, and tenth defense filed with the District Court.(R2-47-App 117-147) The defendant/petitioner set out for the court his contentions about the plaintiffs involvement in anti-trust activity and gave specific allegations and charges that would support his contention and would be admissable at trial. If the plaintiffs in this case agree with the defendant's contentions, then there would be grounds for granting the <u>defendant's motion for summary judgment</u> attached to his

counter-claim that was denied by the District Court. (R2-71-3,4,5) If the plaintiffs deny the charges made by the defendant, then these are factual issues that become a genuine issue of a material fact. Since the amendment (R2-50-1,2) was allowed by the court, and not contested by the plaintiffs, then it is properly a part of the Court's record and entitled the defendant a trial by jury on the defense of illegal tying.

In fact the District Court, in its order dated June 28, 1990, admitted unclean hands was a defense "but only when the offending act relates directly to the subject matter of the infringement action. A tying arrangement between the two entities responsible for the design, manufacture and sale of the infringed product must be directly related. For the District Court to make that observation it must either ignore or misunderstand the amended answer. HBO

and G.I. are using an illegal tying arrangement to extend their monopolies beyond their legitimate boundries and this fact should support a defense to an infringement charge.

CONCLUSION

The action of the District Court goes beyond discretionary interpretations of law. Its actions is tantamount to a denial of access to the Court. Every person has a right to a fair trial. The only evidence put before the District Court was "highly probable", "in all probability", and "it appeared to be". The Court used this testimony to award a $900,000 summary judgment verdict to companies that admit to being involved in a felonious conspiracy, namely a per se tying arrangement. This can't be a part of our legal system.

Wherefore, this petitioner respectfully moves this Court to grant certiorari,

reverse and remand this case back to the District Court for trial by jury.

Bennie D. Herring

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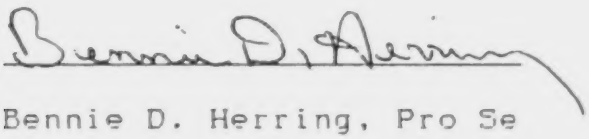
205-762-2420

CERTIFICATE OF SERVICE

I hereby certify that I have this 21st day of February, 1993 served a copy of the foregoing petition upon Honorable James E. Williams, P.O. Drawer 5130, Montgomery, Alabama 36103-5130 by placing a copy of the same in the United States Mail first class postage prepaid.



Bennie D. Herring, Pro Se

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF ALABAMA
NORTHERN DIVISION

CABLE HOME COMMUNICATION CORP., etc.; et al	:	
Plaintiffs,	:	
vs.	:	CV NO. 88-H-81-N
TRI-STATE SATELLITE DISTRIBUTORS, INC.; et al	:	
Defendants.	:	

ORDER

The plaintiffs have moved for summary judgment against all defendants on plaintiffs' claims of copyright infringement and violation of federal communications law. Plaintiff Cable/Home Communication Corporation is a wholly owned subsidiary of plaintiff General Instruments Corporation who manufactures and sells the VideoCipher II scrambler and descrambler devices. These devices are used by subscription television programmers, such as plaintiffs Home Box Office, Inc. ("HBO") and ShowTime/The Movie

Channel, Inc.("ShowTime"), and subscription television viewers to encrypt and deencrypt satellite transmissions carrying subscription television programming. The VideoCipher II is operated by software known as control microprocessor software, or "CMS." Plaintiffs M/A Com, Inc. and M/A-Com Government Systems, Inc. own and have registered copyrights on three versions of CMS. Cable/Home is the licensee of the CMS copyright.

The defendant Tri-State Satellite Distributors, Inc., and its owner defendant Bennie Dean Herring and employees Billy

Clyde Herring and Ron Mills do not contest that they were actively engaged in modifying VideoCipher II's so that viewers could receive subscription television programming without authorization from programmers such

as HBO and ShowTime. Nor do they contest that they were actively engaged in selling such modified VideoCipher II's to Tri-State's customers.

A common method of modification involves removing an integrated circuit chip known as the U-30 chip from the VideoCipher II and replacing it with a different chip known as an EPROM.(1) The U-30 chip contains the CMS which controls the encrypting and deencrypting operations of the VideoCipher II. That chip is encapsulated in epoxy which must be removed in order to remove the U-30 chip. A socket is then placed in the U-30 location and an EPROM fits into the socket. An EPROM is a blank chip which can been programmed with a PROM programmer and a personal computer. In the case of unscrambling video transmission signals, EPROMS are programmed with data containing substantial amounts of copyrighted CMS. Of three EPROMS from Tri-State's offices, two

(1) Tri-State's business offices were searchhed on Decembei 23, 1988 by United States Customs officials. That search led to criminal convictions of these individual defendants for violations of federal communications law. Joseph D. Markee, Associate Director of Engineering for the VideoCipher division of Cable/Home assisted in the Government's investigation and was present at the time of the 1988 search. In his deposition and affidavit, he testified about mehtods used to modify VideoCipher II's, tests he ran on materials from Tri-State's offices and his observations from the December, 1988 search. This testimony is largely uncontested by the defendants.

contained 76.3% copies of CMS(2) and one

contained a 91.8% copy of CMS. While the defendants' did not indicate specifically what method of modification they employed,altered VideoCipher II's purchased from their offices and evidence found duringa December, 1988 search by United States Customs officials indicate that the above described method was used by defendants.(3)

DISCUSSION

Summary judgment can be entered on a claim only where "there is no geniune issue as to any material fact and [where] the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c). According to the Supreme Court:

> [T]he plain language of Rule 56(c) mandates the entry of summary judgment, after adequate time for discovery and upon motion, against a party who fails to make a showing sufficient to

establish the existence of an element essential to the party's case, and on which that party will bear the burden of proof at trial. In such a situation, there can be "no genuine issue as to any material fact," since a complete failure of proof concerning an essential element of the non-moving party's case necessarily renders all other facts immaterial.

Celotex Corp. v. Catrett, 477 U.S. 317, 322-23 (1986). In further elaboration on the summary judgment standard, the Court has

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(2) Markee Affidavit p. 7-8.

(3)Markee testified that Customs officials asked him to analyze a VideoCipher II purchased from Tri-State. That unit had the epoxy around the U-30 chip removed, the U-30 chip removed, a socket in the U-30 position and an EPROM in the socket. Markee analyzed the EPROM and found it contained a

76.3% copy of CMS.

Markee also testified that during the search of Tri-State's offices, he observed a personal computer, a PROM programmer, a substantial number of EPROM chips and floppy disks containing U-30 chip software.

said that "there is no issue for trial unless there is sufficient evidence favoring the non-moving party for a jury to return a verdict for that party. If the evidence is merely colorable or is not significantly probative, summary judgment may be granted." Anderson v. Liberty Lobby, Inc., 477 U.S. 242,249-50 (1986) (citations omitted).

Under the first count of their complaint, plaintiffs MA/Com and Cable/Home charge the defendants with willful and direct infringement of their copyrights in

CMS by programming EPROMS with copies of substantial portions of CMS for use in modified VideoCipher II's. 17U.S.C. sec. 501. The plaintiffs can establish a prima facie case of copyright infringement by showing 1) that it owns a valid copyright in the work allegedly infringed, and 2) that the defendant copied that work. Donald Frederick Evans v. Continental Homes, Inc., 785 F.2d 897, 903 (11th Cir. 1986). As to the first element, the plaintiffs have submitted copyright registrations showing M/A Com, Inc. and M/A-Com Government Systems, Inc. as the owners of copyrights on CMS 2.4, CMS 2.6 and CMS 3.0. Certificates of registration of the copyrighted works are prima facie evidence of the validity of the coypright. Id., citing 3 Nimmer on Copyright sec. 13.01[a], at 13-4. Absent any evidence from the defendants challenging the validity of the copyright, the first element of the prima facie case is

established.

The second element of the copyright claim, copying by the defendant, can be shown by direct evidence of copying or

inferred by showing 1) that the defendant had access to the plaintiffs' work and 2) that defendants' work is substantially similar to the plaintiffs'. Continental Homes, 785 F.2d at 904. The December, 1988 search of Tri-State uncovered floppy disks containing CMS programs, establishing that defendants' had access to plaintiffs' copyrighted CMS. EPROMS found in a VideoCipher II modified by defendants and other EPROMS found in Tri-State offices contained programs that were between 76.3% and 91.8% identical to the copyrighted CMS programs. although defendants charge that this is insufficient to show substantial

similarity, they fail to produce any evidence of independent creation of these programs. Accordingly, the Court finds that the plaintiffs have satisfied the second element of establishing a prima facie case of infringement.

With the plaintiffs' prima facie case established, the burden shifts to the defendants to raise significantly probative evidence to support a valid defense to the infringement claim. See Continental Homes, 785 F.2d at 903; Liberty Lobby, 477 U.S. at 249-50. The defendants argue that the plaintiffs forfeited their copyright protection by failing to properly place the notice of copyright in the CMS programs. Copyright notices must be "affixed to the copies in such manner and location as to give reasonable notice of the claim of copyright." 17 U.S.C. sec. 401(c). Defendants' expert H.C. Cobb testified by affidavit that of the three CMS programs he

evaluated, one had a copyright notice in the first line of the program's object code

print out and the other two had a copyright notice imbedded in the last quarter of the object code print out. The Court finds that such notices imbedded in the programs' object codes give reasonable notice of the claim of copyright. See E.F. Johnson v. Uniden Corp. of America, 623 F.Supp 1485, 1492 (D.C.Minn. 1985).(4)

Defendants' only other defense to the copyrigt action is an assertion that plaintiffs' have unclean hands because certain subscription television programmers who use the VideoCipher II for encrypting their programs have been indicted for showing obscence movies. Unclean hands is a defense to infringement actions but only when the offending act relates directley to

the subject matter of the infringement action. 3 Nimmer on Copyright sec. 13.09[B], at 13-145 (1988). The actions of these non-party users of the Videocipher II is completely unrelated to the subject matter of this lawsit and will not bar plaintiffs' claim.(5) Based upon these findings, the Court finds that summary

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(4)The defendants argue that this form of notice does not meet any of the examples of acceptable notice of copyright as prescribed by the Register of Copyright. See C.O. Regs. sec. 201.20(g), reprinted in 4 Nimmer on Copyright App. 3 at 69. these examples, however, do not exhaust the types of notice that may be reasonable under the statute. 2 Nimmer on Copyright sec. 7.10[A][1] at 7-53 (1988). Any location is proper if it apprises anyone seeking to copy the work of the existence of the copyright. Id.

(5) The defendants also allege that General Instruments acquiesced in the infringement by providing information necessary to successfully modify the VideoCipher II. General Instruments, however, does not own the copyright and therefore cannot acquiesce to the use of MA/COM'S copyrighted work. MOreover, defendants' only evidence of General Instrument's acquiescence to VideoCipher II modification is Bennie Herring's statement that a sales representative who sold General Instrument's products in Alabama gave him instructions for modifying a General Instruments' 2500 IRD receiver and that the sales representative told Herring that the

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judgment on the plaintiffs' claim of copyright infringement is due to be granted.

Under the second count of the complaint, plaintiffs allege that defendants, through modification of VideoCipher II's and sales

of modified VidoCipher II's, have violated 47 U.S.C. sec. 605. That statue prohibits the unauthorized receipt or assistance in receiving radio communications(6) for the benefit of a person or entity not authorized to use that communication. 47 U.S.C. sec. 605(a); Network Productions, slip op. at 2988. The statute also prohibits the importation, manufacture, sale or distribution of equipment intended to be used to assist in any intercepting proscribed by sec. 605(a). 47 U.S.C. sec. 605(d)(4) (Supp. V 1987) (7); Network Productions, slip op. at 2988. In a recent case involving substantially the same type of modifications to VideoCipher II's, the Eleventh Circuit unequivocally held that

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information had come from General Instruments. The defendants, however, fail to show this sales representative's name, his relationship with General Instruments,

and his authority to speak on behalf General Instruments. Defendants also fail to show that modifications to General Instruments 2500 IRD receivers have any relevance to modifications of the VideoCipher II. Absent such evidence from the defendants, the Court finds that Herring's unsubstantiated statment fails to raise a genuine issue on the claim of acquiescence.

(6) Radio communication, as used in the statute, have been interpreted to include television transmissions. See Network Productions, slip op. at 2988.

(7) 47 U.S.C. sec. 605(d)(4) was amended in 1988, said amendments becoming effective in January, 1989. The Court, however, refers to the prior statute as these alleged violations and filing of the instant complaint occurred prior to these amendments becoming effective. See Network

Productions, slip op. at 2988, 2991-994 (applying pre-1989 statute).

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sec. 605 "applies to proscribe pirate chips and other decoding devices, which enable third parties to receive television satellite transmissions intended for paying subscribers." Network Productions, slip op. at 2989. The plaintiffs' unrebutted evidence that the defendants manufactured, sold and otherwise distributed VideoCipher II's capable of intercepting subscription television transmissions without authorization from subscription television programmers warrants granting summary judgment on plaintiffs' second count.

The plaintiffs seek a permanent injunction against the defendants to redress the copyright infringement and Communications Act violation. 17 U.S.C. sec. 502(a), 47 U.S.C. sec. 605(d)(3)(B)(i). A copyright holder is

entitled to a permanent injunction upon showing past violations and a substantial likelihood of future infringements. Pacific and Southern Co., Inc. v. Duncan, 744 F.2d 1490, 1499 (11th Cir. 1984), cert. denied 471 U.S. 1004 (1985). Given plaintiffs' proof of past violations, defendants adamant position that their actions in modifying the VideoCipher II are justified, see Herring Affidavit, Defendants' Appendix pp. 117-147, and the apparent proliferation of pirated CMS for use in modified VideoCiphers, see Markee Affidavit, pp. 5-6; see generally Cable/Home Communication Corp. v. Network Production, Inc., Nos. 88-5647, 89-5081 (11th Cir. June 4, 1990), the Court finds that a substantial likelihood of future infringement exists and that a permanent injunction against such threatened infringement is warranted. Similarly, a permanent injunction is warranted against future violations of sec. 605; the Court

finds that money damages do not sufficiently remedy the harm caused by plaintiffs' loss of paying customers to VideoCipher II pirates and that such harm is irreparable. See e.g. Subscription T.V. of Greater Washington v. Kaufmann, 606 F.Supp. 1540, 1545-46 (D.C.Cir. 1985).

The plaintiffs also request an award of statutory damages.(8) Both the copyright and communications statutes allow the aggrieved party eo elect statutory damages. 17 U.S.C. sec. 504(b) & (c); U.S.C. sec. 605(d)(3)(C)(i); Network Productions, slip op. at 2992. Statutory damages entitle aggrieved parties to an amount not less that $250.00 or more that $10,000.00 for each copyright violation and each violation of 47 U.S.C. sec.605(a). 17 U.S.C. sec. 504(c) (1982); 47 U.S.C. sec. 605(d)(3)(C)(i)(II) (Supp. V 1987).(9) Under the Copyright Act statutory damages can be increased to $50,000 for each willful violation. 17

U.S.C. sec. 504 (c)(2). Statutory damages under the Communications Act can be increased to $50,000 for each violation committed willfully and for purposes of

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(8) Plaintiffs' complaint appears to request both actual and statutory damages. Complaint p. 8. In their motion for summary judgement, however, the plaintiffs request only statutory damages. Because the plaintiffs must make an election between actual and statutory damages, the Court construes the plaintiffs request for statutory damages in their motion for summary judgement as an election of statutory damages in lieu of actual damages.

(9) all dollar figures quoted in this discussion of damages reflect statutory amounts available at the time the complaint was filed. See n. 7, supra.

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direct or indirect commercial advantage or

private financial gain. 47 U.S.C. sec. 605 (d)(3)(C)(ii).

The plaintiffs assert in their motion for summary judgment that the defendants are guilty of 50 willful violations of the Copyright Act and 50 violations of the Communications Act, committed willfully and for purposes of commercial or private financial gain. The plaintiffs' evidence on summary judgment, however, offers proof of only three EPROMS containing copies of the copyrighted CMS. See Markee Deposition, pp. 13, 15. While numerous EPROMS were observed at Tri-State's offices, only three were tested and affirmatively shown to contain the copyrighted program.(10) This is insufficient evidence to warrant penalties for 50 copyright violations. Moreover, the plaintiffs have offered no evidence indicating that defendants knew or had reason to know that the CMS was copyrighted, and thus have not sustained their burden of

proving that the copyright violations were willful. 17 U.S.C. sec. 504(c)(2).

As to the damages on the Communications Act violations, the Court is satisfied that the defendants committed these violations willfully(11) and for the purpose of commercial advantage or personal financial gain. Defendant Bennie Herring's affidavit indicates that he is quite knowledgeable about legislative action involving the television satellite industry and that he has been actively involved in lobbying on behalf of home satellite viewers. Herring Affidavit, p. 8-9. Any assertion, therefore, that he did not know that modifying the VideoCipher II was a violation of the Communication Act lacks credibility. Likewise, the evidence show that at least a portion of Tri-State's business came from modified VideoCipher II sales and repairs. Plaintiffs, however, have failed to show that there were at least 50 violations.

Markee testified about one modified VideoCipher II purchased from Tri-State's offices at the time of the Customs Service's search. The Court finds, therefore, that while summary judgment as to liability is granted on the Copyright Act and Communications Act violations, more proof from the plaintiffs is required before the Court can make any informed damages award. See generally Network Production, slip op. at 2994 (suggests factual findings relevant to making statutory damages award.)

Accordingly, the plaintiffs' motion for summary judgment on their copyright infringement and Communications Act violation claims is GRANTED with respect to defendants' liability and plaintiffs' right to permanent injunctions on those claims. Because the plaintiffs' proof as to the number of violations is insufficient, the Court cannot enter a final judgment setting damages and awarding costs and attorney fees

at this time.

Done this 28th day of June, 1990.

Truman Hobbs

UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT

FOR THE MIDDLE DISTRICT OF ALABAMA

NORTHERN DIVISION

CABLE HOME COMMUN-
ICATION CORP., et al

Plaintiffs

vs. CV. NO.88-H-81-N

TRI-STATE SATELLITE
DISTRIBUTORS, INC.;
et al

Defendants

MEMORANDUM OPINION AND ORDER

On July 27, 1990, the Court granted plaintiffs' motion for summary judgment on their claims of Copyright Act infringement, 17 U.S.C. Sec. 501, and violations of the

Communications Act, 47 U.S.C. Sec. 605. The Court determined that the plaintiffs were entitled to injunctive relief but reserved determining the amount of damages to be awarded until after holding an evidentiary hearing on the issue of damages. That hearing was held on August 13, 1990. After considering the evidence presented at that hearing, the brief filed by plaintiffs and the memorandum brief and affidavits submitted by the defendants, the Court finds that the plaintiffs Cable/Home Communication Corp., General Instruments Corp., M/A-Com, Inc. and M/A-Com Government Systems are entitled to $400,00 in damages for defendants' willful copyright violations and that plaintiffs Home Box Office, Inc. and Showtime/The Movie Channel, Inc. are entitled to $500,000 for defendants' willful, for-profit violations of the Communications Act.

Mr. Terry Luddy, Director of Security, General Instruments Corporation, testified at the damages hearing that General Instruments confiscated 40 circuit boards from Videocipher II's at Tri-State's offices in December, 1987 that had been modified by replacing the U-30 chip with EPROMs.(1) Mr. Luddy further testified that technical testing at General Instruments' laboratories in San Diego, California showed that the EPROM chips in the 40 confiscated boards contained substantial amounts of copyrighted CMS, version 3.0 Version 3.0 of CMS has a copyright notice on line 2 of that program's user code. In altering a circuit board so that it can receive signals without authorization, the CMS program must be viewed on a personal computer so that those portions which prevent reception of signals withou authorization can be removed. The Court is satisfied that anyone so altering a board would have seen the copyright notice

on line 2 of the program. Accordingly, the Court finds that the plaintiffs have shown at least forty violations of the Copyright Act and also has shown that those violations were done willfully. 17 U.S.C. Sec. 504(c)(2).

As to the Communications Act violations, the Court determined in its order on summary judgment that the defendants' violations were done willfully and for the purpose of commercial advantage or personal financial gain. The only issue to decide, then is the number of violations. Mr. Luddy testified that,

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(1) See Order Granting Summary Judgment, July 27, 1990, for more complete discussion of how Videocipher's are modified.

although only 40 boards were tested by

General Instruments, he observed at least 50 new Videocipher II's in Tri-State's offices that had been modified. Additionally, Mr. Luddy observed numerous EPROMs, socket positions, drills, soldering tools and personal computers, equipment commonly used to modify the Videocipher II so that it can receiver transmissions without authorization. This evidence, considered in light of the testimony that there is no legitimate reason for tampering with a new Videocipher II, satisfies the Court that defendants committed at least fifty violations of the Communications Act.

Because the defendants' violations of the Communications and Copyright Acts were willful and done for commercial or private gain, the Court could award as much as $50,000 for each violaton of these acts. 47 U.S.C. Sec. 605(d)(3)(C)(ii); 17 U.S.C. Sec. 504(c)(2). In determining what amount it should award, the court should consider

"both the willfulness of the defendant's conduct and the deterrent value of the sanction imposed." Cable/Home Communication Corp. v. Network Productions, Inc., 902 F.2d 829, 852 (11th Cir. 1990). In this case, the evidence overwhelmingly indicated that the defendants, in open defiance of federal statutes of which they were well informed, actively promoted and profited from the unauthorized interception of satellite tranmissions using copyrighted material. While the court is setting damages based only on fifty violations of the Communications Act and forty violations of the Copyright Act, the evidence indicated that the defendatns had been selling modified

Videocipher's for some time and that many more than fifty have been sold from

Tri-State's offices. Finally, the evidence showed that the problem of pirated satellite transmissions is widespread and costs the industry millions of dollars each month in lost subscription fees. Accordingly, the Court finds that setting the damages at $10,000 per violation is more than reasonable, given the flagrant violations committed by these defendants. This works out to damages of $400,000 for Copyright Act violations and $500,000 for Communications Act violations.

The plaintiffs also requested an award of $8,052.55 for attorney fees and costs. Both the Copyright Act and Communications Act authorize an award of attorney fees and costs to a prevailing party. 17 U.S.C. Sec. 505, 47 U.S.C. Sec. 605(d)(3)(B)(iii). Although awarding a fee is discretionary, Network Productions, 902 F.2d at 853, the Court finds that the willful conduct of these defendants justifies a fee award in

this case. Id. at 854 (willfulness is important factor in deciding whether to award attorney fees).

The plaintiffs' attorney is requesting a fee of $7,375.00 for 54.45 hours of work on this matter, plus $677.55 in costs. The parties are DIRECTED to confer to see if agreement can be reached as a reasonable fee. If the parties are unable to agree, they are to advise the Court and the matter of a fee will be set for a hearing. Such advice shall be given the Court on or before September 7, 1990.

A judgment in accordance with this opinion nd the Court's

previous opinion granting plaintiffs' summary judgment motion will be entered separately. Defendants' motion to prodcue equipmnet for Court's perusal is DENIED.

DONE this 27th day of August, 1990.

Truman Hobbs

United States District Judge

IN THE UNITED STATES DISTRICT COURT

FOR THE MIDDLE DISTRICT OF ALABAMA

NORTHERN DIVISION

CABLE HOME COMMUNICATIONS, CORP., etc.; et al	:	
Plaintiffs	:	
vs.	:	CV.NO. 88-H-81-N
TRI-STATE SATELLITE DISTRIBUTORS, INC.,; et al	:	
Defendants	:	

ORDER

This cause is before the Court on a motion for new trial, filed September 4, 1990 by defendants Bennie Herring, Billy

Clyde Herring and Ron Mills, proceeding pro se. Upon consideration of the motion, the motion is hereby DENIED.

Done this 11th day of September, 1990.

Truman Hobbs

United States District Judge

IN THE UNITED STATES COURT OF APPEALS

FOR THE ELEVENTH CIRCUIT

NO. 90-7670

District Court No. 88-H-81-N

CABLE/HOME COMMUNICATION CORP.,
a wholly ownes subsidiary of
GENERAL INSTRUMENT CORPORATION;
M/A-COM, INC.;M/A-COM GOVERNMENT
SYSTEMS, INC.; HOME BOX OFFICE, INC.;
and SHOWTIME/THE MOVIE CHANNEL, INC.,

PLAINTIFFS-APPELLEES,

versus

TRI-STATE SATELLITE DISTRIBUTORS, INC.;
BENNIE HERRING and RON MILLS,

Defendants-Appellates.

Appeal from the United States District Court for the Middle District of Alabama

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(September 30, 1992)

Before ANDERSON, CIRCUIT JUDGE, MORGAN and JOHNSON*, Senior Circuit Judges.

PER CURIAM:

AFFIRMED. See 11th Cir. R. 36-1.

Costs are taxed against defendants-appellants.

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*See Rule 34-2(b), Rules of the U.S. Court of Appeals for the Eleventh Circuit.

Entered: September 30, 1992

For the Court: Miguel J. Cortez,

Clerk

By: Karleen McNall

Deputy Clerk

ISSUED AS MANDATE: Dec. 7, 1992

IN THE UNITED STATES COURT OF APPEALS

FOR THE ELEVENTH CIRCUIT

NO. 90-7670

CABEL/HOME COMMUNICATION CORP.,
a wholly owned subsidiary of
GENERAL INSTRUMENT CORPORATION;
M/A-COM, INC.; M/A-COM GOVERNMENT
SYSTEMS, INC.; HOME BOX OFFICE, INC.;
and SHOWTIME/THE MOVIE CHANNEL, INC.,

Plaintiffs-Appellees,

versus

TRI-STATE SATELLITE DISTRIBUTORS, INC.;
BENNY HERRING and RON MILLS,

Defendants-Appellants.

Appeal from the United States District
Court for the Middle District of Alabama

ON PETITION FOR REHEARING AND SUGGESTION OF REHEARING EN BANC

Before ANDERSON, CIRCUIT JUDGE, MORGAN and JOHNSON,* Senior Circuit Judges.

PER CURIAM:

The appellants' "Suggestion of Rehearing En Banc" is denied.

ENTERED FOR THE COURT:

Frank M. Johnson

UNITED STATES CIRCUIT JUDGE